

BOARD OF DIRECTORS MEETING

Agenda Title: **Compensation Report for CEO/General Manager for FY 2025-2026**

Summary:

The Board of Directors (Board) of the Bay Area Water Supply and Conservation Agency (BAWSCA) evaluated the CEO/General Manager's performance during FY 2025-26 and found Mr. Smegal has been outstanding since assuming his duties as CEO. Pursuant to the current CEO/General Manager's Employment Agreement, Mr. Smegal's total compensation will increase by 3% for the upcoming year.

Fiscal Impact:

The CEO/General Manager's current total compensation is \$340,805, composed of a base salary of \$306,550, an Agency deferred contribution of \$26,455 and an annual car allowance of \$7,800. For October 2025 through September 2026, the annual car allowance will remain the same, but the Agency's direct deferred contribution plan contribution will increase to \$27,268 (estimated to be the maximum allowable contribution amount under CalPERS regulations). The base salary will increase \$9,412 dollars from \$306,550 to \$315,962 (an increase of 3.0703%). Mr. Smegal's new annual total compensation will be \$351,030 for October 2025 through September 2026. Funds are available for the compensation adjustment without an increase to the total operating budget.

Recommendation:

This item is for information purposes only. No action is required.

Background:

In accordance with the CEO/General Manager's Employment Agreement, Mr. Smegal's total compensation will increase by 3% on September 30, 2025.

Beginning September 30, 2025 and each September 30th thereafter, Mr. Smegal's total compensation will be: (1) increased by three percent (3%); or (2) adjusted by a to-be negotiated amount with the Agency's Board of Directors based on a Salary Survey conducted by Agency. A Salary Survey may be requested by either Mr. Smegal or the Chair of the Agency's Board of Directors and may be conducted in the 2nd, 3rd or 4th year of this Agreement. If a Salary Survey is conducted in the 2nd year, it may be requested again in the 4th year.

Pursuant to the Board's previous authorization, the Chair will execute an amendment to Mr. Smegal's Employment Agreement to memorialize the changes to his total compensation for October 2025 through September 2026.

Attachments:

1. T. Smegal Employment Agreement

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**EMPLOYMENT AGREEMENT FOR THE
CEO AND GENERAL MANAGER OF THE
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

THIS AGREEMENT is made and entered into as of December 1, 2024, by and between the Bay Area Water Supply and Conservation Agency (hereinafter referred to as "Agency") and Thomas Smegal (hereinafter referred to as "Mr. Smegal").

RECITALS

WHEREAS, Agency desires to employ Mr. Smegal as the Chief Executive Officer and General Manager of Agency (hereinafter referred to as "CEO and General Manager"); and

WHEREAS, Mr. Smegal desires to accept the position of CEO and General Manager pursuant to the terms and conditions set forth in this Employment Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. Term

A. Agency hereby appoints Mr. Smegal to serve as CEO and General Manager, and Mr. Smegal agrees to serve in this capacity, beginning on December 1, 2024 and continuing until September 30, 2027. This Agreement may be extended thereafter by mutual agreement of the parties for one-year term(s). Notwithstanding the foregoing, this Agreement may be terminated by either party as hereinafter provided.

B. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Agency to, at any time and in its sole discretion, terminate the services of Mr. Smegal, subject to the conditions of this Agreement. There is no express or implied promise made to Mr. Smegal for any form of continued employment. This Agreement shall be the sole and exclusive basis for an employment relationship between Mr. Smegal and Agency.

C. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Mr. Smegal to resign at any time from his position with Agency. Mr. Smegal shall give ninety (90) days' written notice to Agency prior to the effective date of resignation, unless a lesser period has been mutually agreed upon by the parties.

Section 2. Duties

Mr. Smegal shall do and perform all services, acts, functions and duties necessary or advisable to manage and conduct the affairs of the Agency as provided in the Agency's enabling statute (codified at Water Code section 81300, et seq., as may be amended from time to time), further specified in the position responsibilities included herein as Exhibit "A," and as directed or authorized by the Agency's Board of Directors.

Upon assuming the CEO and General Manager position on December 1, 2024, Mr. Smegal will have the sole authority to bind the Agency.

Mr. Smegal shall devote such time, effort, ability and attention to the business of the Agency during the Term as may be required to perform faithfully and fully the duties of CEO and General Manager. Mr. Smegal will not be employed by any other person or any other entity while employed as CEO and General Manager.

Section 3. Compensation

A. Salary and Evaluation. Agency agrees to pay Mr. Smegal an annual base salary of Three Hundred Six Thousand, Five Hundred Fifty Dollars (\$306,550), payable in installments at the same time and in the same manner as other management employees of the Agency are paid, effective as of December 1, 2024, for the faithful and diligent performance of the duties and obligations of the CEO and General Manager. This amount will be adjusted annually pursuant to Section 3.C. below. Agency will conduct a performance review and evaluate Mr. Smegal's performance at least once annually no later than at the September meeting of the Agency's Board of Directors.

B. Defined/Deferred Contribution Plan. Agency agrees to contribute the maximum allowable portion of Total Compensation under California law and California Public Employees Retirement System ("CalPERS") regulations applicable to CalPERS Public Employees' Pension Reform Act ("PEPRA") members, to a qualified U.S. Internal Revenue ("IRS") Code defined contribution plan, deferred compensation, or equivalent account, selected by Agency, and agreed to by Mr. Smegal. The contribution under this Section 3.B shall be adjusted each year to account for changes to CalPERS and IRS regulations and codes.

C. Car Allowance. Mr. Smegal shall be entitled to an automobile allowance in the amount of Seven Thousand Eight Hundred per year (\$7,800), or Six Hundred and Fifty Dollars (\$650) per month. This allowance is not included in compensation reported to CalPERS, but is subject to Federal and California income tax.

D. Total Compensation. Mr. Smegal's Total Compensation from the effective date of this Agreement will be Three Hundred Forty Thousand, Eight Hundred Five Dollars (\$340,805). Total Compensation includes base salary, maximum allowable portion of Total Compensation payable in Section 3.B for a given year and car allowance.

E. Minimum Annual Raise of 3% & Salary Survey. On September 30, 2025, Mr. Smegal's Total compensation will be increased by 3%, inclusive of base salary, maximum allowable portion of Total Compensation payable in the 401(a) Plan, and car allowance.

Beginning September 30, 2026 and each September 30th thereafter, Mr. Smegal's Total Compensation will be: (1) increased by Three Percent (3%); or (2) adjusted by a to-be negotiated amount with the Agency's Board of Directors based on a Salary Survey conducted by Agency. A Salary Survey may be requested by either Mr. Smegal or the Chair of the Agency's Board of Directors and may be conducted in the 2nd, 3rd or 4th year of this Agreement. If a Salary Survey is conducted in the 2nd year, it may be requested again in the 4th year.

Mr. Smegal's base salary set forth in Section 3.A. and Defined/Deferred Contribution set forth in Section 3.B will be adjusted based on the Total Compensation amount in this Section 3.D beginning on September 30, 2025 and each September 30th thereafter.

Section 4. Holidays; Vacation; Leave

A. Holidays, Vacation and Leave. Mr. Smegal shall be entitled to paid holidays in accordance with the Agency's established holiday schedule, including floating holidays. Mr. Smegal shall be entitled to vacation, sick leave, bereavement leave, jury duty leave and other leave required by law in accordance with leave policies established from time to time by the Board of Directors for all of its employees, except as provided below.

B. Vacation Leave. Mr. Smegal will accrue twenty (20) days of Vacation Leave each year. Vacation Leave accrues beginning on the first working day of each month.

C. Vacation Leave Accrual Limit. Mr. Smegal may accrue up to 360 hours (45 days) of vacation leave. Once Mr. Smegal has accrued a balance of 360 hours of unused vacation leave, no further vacation leave will be earned until vacation time is used and his vacation leave balance is reduced below 360 hours.

D. Administrative Leave. In recognition of the significant number of hours in excess of the regular work day that Mr. Smegal will be expected to work on behalf of Agency, Agency agrees to provide Mr. Smegal with eight (8) days of administrative leave, effective upon execution of this Agreement and January 1st of each calendar year thereafter. Administrative leave shall not accrue from year to year nor be subject to any cash-out provision.

Section 5. Retirement, Health and Welfare and Other Benefits

Mr. Smegal shall be entitled to participate in all employee benefit plans applicable to other employees of the Agency including, but not limited to, retirement benefits as a PEPR member through CalPERS; Agency deferred compensation plan(s); health, dental, vision, workers compensation, life/accidental death and dismemberment, and long-term disability insurance benefits; and retiree health insurance benefits, subject to the terms and conditions of any such employee benefit plan and any applicable Agency policies. To the extent future changes are made in the coverages provided or employee contributions required, Mr. Smegal will be subject to those changes.

Except as otherwise modified by this Agreement, Mr. Smegal shall be entitled to all other benefits, if any, accorded to other employees of the Agency.

Section 6. Other Obligations of the Agency

A. Office, Supplies. Agency agrees to provide Mr. Smegal with an office, suitable office and computer equipment, supplies and such other facilities and services (e.g., cellular telephone or other communication devices and services) commensurate with the CEO and General Manager's position in order to facilitate the performance of his duties.

B. Professional Memberships. Agency agrees, on behalf of Mr. Smegal, to budget and to pay for Mr. Smegal's professional licenses and memberships in professional organizations and associations which are reasonably related to his duties as CEO and General Manager of Agency.

C. Professional Development Activities. Agency agrees to budget and to pay for the travel, meals, accommodations, registration and other expenses of Mr. Smegal for conferences, seminars, and such other occasions as are reasonably necessary for Mr. Smegal to fulfill his

duties as CEO and General Manager of Agency, and to further Mr. Smegal's professional growth and advancement. Such expenses must be appropriately documented in accordance with Agency policies.

D. Continuing Education. The Agency will pay up to \$10,000 annually for Mr. Smegal's reasonable expenses related to attendance at continuing education courses relevant to his duties as the CEO and General Manager. Agency payment of such expenses shall require approval of the Chair and Vice Chair of the Agency's Board of Directors. If Mr. Smegal leaves the employ of the Agency within one year of attending continuing education courses at the Agency's expense, Mr. Smegal may be required to repay ½ of the related cost borne by the Agency.

Section 7. Termination and Severance Pay

A. Termination Without Cause. In the event Mr. Smegal is terminated without cause during the term of this Agreement and during such time as Mr. Smegal is willing and able to perform his duties under this Agreement, Agency shall provide Mr. Smegal written notice of said termination, which effective date shall be at least ninety (90) days from the date of said notice. In the event of such termination, Mr. Smegal shall be entitled to a cash payment of twelve (12) months of compensation based on Mr. Smegal's then-current annual base salary. If the Agreement is terminated during the final year of the Term, the maximum cash payment is his monthly salary multiplied by the number of months left on the unexpired term. (See Gov. Code Sec. 53260(a).

Mr. Smegal's acceptance of such severance payment shall constitute a full and complete waiver of any and all claim(s) which were known or reasonably should have been known by Mr. Smegal and arising under this Agreement. In addition, Mr. Smegal shall receive a cash payment of the unused balance of any Vacation Leave and any other payments required by law.

B. Termination With Cause. In the event Mr. Smegal is terminated due to the willful breach or neglect of the duties she is required to perform pursuant to this Agreement, or commits any criminal act, or commits such act or acts of dishonesty, fraud, misrepresentation or moral turpitude as would prevent the effective performance of his duties, then, in that event, Agency shall have no obligation to pay the severance payment set forth in paragraph 7.A, above, nor provide the prior ninety (90) day written notice of termination. Mr. Smegal shall only be entitled to any unpaid compensation due to him as a matter of law, including the unused balance of any Vacation Leave.

C. If this Agreement is terminated, any cash settlement related to the termination that Mr. Smegal may receive from Agency shall be fully reimbursed to Agency if Mr. Smegal is convicted of a crime involving an abuse of his office or position with Agency. (See Gov. Code Sec. 34243.2)

D. In recognition of Mr. Smegal's professional status, Mr. Smegal and the Board will prepare a joint public statement to be made at the public meeting when termination of the employment relationship is confirmed.

Section 8. Other Terms and Conditions of Employment

The Board of Directors of Agency shall fix any other terms and conditions of employment, as it may determine from time to time, relating to the performance of the CEO and General Manager, provided such terms and conditions are not inconsistent with provisions of this Agreement or law.

Section 9. Mediation

Prior to Agency and/or Mr. Smegal initiating litigation to enforce the terms of this Agreement, or asserting any breach thereof, the aggrieved party shall serve a written demand for mediation upon the opposing party. The demand for mediation shall provide that it is given pursuant to this Section of the Agreement, shall briefly describe the nature of the claim(s) sought to be mediated, and request that the opposing party respond in writing within a reasonable time with the opposing party's willingness to participate in mediation. Such demand for mediation need not include the names of potential mediators, nor the proposed time and place of mediation. If the opposing party declines to participate in mediation, the aggrieved party may immediately commence litigation. If the opposing party agrees to participate in mediation, the aggrieved party may not initiate litigation until completion of the mediation, or reasonable and good faith efforts to schedule a mediation have proven unsuccessful. This Section shall be construed as a prerequisite to litigation and any litigation initiated without complying with this Section shall be subject to demurrer or motion to dismiss.

Section 10. General Provisions

A. Notices. Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by certified mail, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses indicated below or as changed by written notice delivered in accordance with this Section. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three (3) days after mailing.

To the Agency: Bay Area Water Supply and
 Conservation Agency
 155 Bovet Road, Suite 650
 San Mateo, CA 94402

To Mr. Smegal : Mr. Thomas Smegal
 360 Magnolia Ave.
 Piedmont, CA 94611

B. Entire Agreement. This Agreement contains all of the covenants and agreements between the parties with respect to the employment of Mr. Smegal as CEO and General Manager of the Agency in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made which are not embodied herein and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if in writing signed by both parties.

C. Provisions Severable. If any provision or any portion hereof is held invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

D. Headings. The headings used in connection with this Agreement are for reference purposes only and shall not be construed as part of this Agreement.

E. Construction. This Agreement shall be governed by and construed in accordance with the laws of the State of California.


F. Waiver of Breach. The waiver by Agency of a breach of any provision of this Agreement by Mr. Smegal shall not operate or be construed as a waiver of a subsequent breach by Mr. Smegal.

G. Assignment. This Agreement is not assignable by either Agency or Mr. Smegal.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

By: 
THOMAS SMEGAL

BAY AREA WATER SUPPLY AND
CONSERVATION AGENCY

By: 
THOMAS CHAMBERS
Chair, Board of Directors

Approved as to form:


By: 
ALLISON C. SCHUTTE
Legal Counsel

EXHIBIT “A”

BAWSCA

Chief Executive Officer and General Manager

RESPONSIBILITIES

The Chief Executive Officer (CEO) and General Manager is appointed by BAWSCA's Board of Directors and reports to the twenty-six member Board.

BAWSCA is a public agency that provides regional representative governance to protect the water interests of its member agencies, and their ultimate customers, that rely on the San Francisco Regional Water System.

BAWSCA's goals are: a reliable supply of high quality water at a fair price.

BAWSCA's CEO and General Manager is responsible for:

Leadership

1. Propose and reach BAWSCA's goals.
2. Develop and implement strategies to achieve BAWSCA's goals.
3. Deliver results on a schedule approved by the Board.
4. Create a positive identity for BAWSCA by achieving results.*
5. Provide leadership and management of BAWSCA's activities.
6. Communicate and work effectively with the directors.
7. Represent the water interests of BAWSCA's members with San Francisco.
8. Collaborate and negotiate with San Francisco and other organizations.
9. Build support from local, state, and Federal officials.
10. Maintain relationships with allies and special-interest groups.
11. Act as BAWSCA's external spokesperson.

Management

1. Manage BAWSCA's activities.
2. Prepare and implement the annual work plan and budget.
3. Appoint, train and manage BAWSCA's staff.
4. Administer the Water Supply Agreement between San Francisco and its Wholesale Customers, BAWSCA's members.
5. Safeguard BAWSCA's financial resources.

Other

If appointed by the Board of Directors of the San Francisco Bay Area Regional Financing Authority (RFA), and if acceptable to the Board of Directors of BAWSCA, serve in the capacity of General Manager, Acting Secretary, and/or Secretary of the RFA.

*BAWSCA's identity includes perceptions of the Board of Directors, member agencies, ultimate water customers, relevant state legislators and their staffs, local federal legislators, labor leaders, business and community organizations, interest groups and media.

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September 18, 2025 – Supplemental Correspondence

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING**

September 18, 2025

Correspondence and media coverage of interest between August 13, 2025 and September 16, 2025

Date: September 16, 2025
To: Tom Chambers, Chair and BAWSCA Board of Directors
Tony Estremera, Chair and Valley Water Board of Directors
From: Peter Drekmeier, Policy Director, Tuolumne River Trust
Subject: Substantial Difference between Valley Water and SFPUC Drought Planning

Date: August 9, 2025
To: Tom Chambers, Chair and BAWSCA Board of Directors
From: Spreck Rosekrans, Executive Director, Restore Hetch Hetchy
Subject: Bay Area Water Taste Test

Press Release:

Date: September 16, 2025
Source: California Water Boards
Subject: State Water Board provides \$2 billion to advance California's water infrastructure

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September 16, 2025

OFFICES
San Francisco

Modesto

Sonora

Mailing Address
P.O. Box 3727
Sonora, CA 95370

Phone
(415) 882-7252

Website
www.tuolumne.org

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Chair Tom Chambers and Board Members
Bay Area Water Supply and Conservation Agency
bawscaboardofdirectors@bawscsca.org

Chair Tony Estremera and Board Members
Valley Water
Board@valleywater.org

Re: Substantial Difference between Valley Water and SFPUC Drought Planning.

Dear Chair Chambers, Chair Estremera and Board Members:

In June 2025, Valley Water released its Draft Water Supply Management Plan 2050. Valley Water is planning for a future drought that is equivalent to the drought-of-record (1987-92) with a few adjustments that take into consideration potential impacts from climate change on water supply.

The SFPUC, on the other hand, is planning for a much more severe drought. The SFPUC's Design Drought combines the two worst droughts from the 20th Century to create an 8.5-year megadrought. While the Design Drought is only two years longer than the 1987-92 drought, the additional two years (1976 and 1977) were the driest on record, making the Design Drought significantly more severe.

You'll see from Table 3-9 in the SFPUC's Long-Term Vulnerability Assessment (LTVA)¹ that a repeat of the 1987-92 drought at 240 mgd demand creates a deficit of 707 thousand acre feet (TAF) for the SFPUC. Deficit can be thought of as water that must come out of storage. The 1976/77 drought creates a deficit of 594 TAF, which is 72% of the 1987-92 deficit. In other words, the Design Drought is 72% more severe than the 1987-92 drought, which is what Valley Water is planning for.

It would be in the interest of BAWSCA, Valley Water and the agencies that purchase water from both Valley Water and the SFPUC to hold a joint study session to explore whether the SFPUC's drought planning policy is too conservative or Valley Water's is not conservative enough. Being too conservative could lead to over-investing in expensive alternative water supplies, whereas not being conservative enough could lead to unacceptable water shortages.

¹ Long Term Vulnerability Assessment and Adaptation Plan for the San Francisco Public Utilities Commission Water Enterprise - Phase I (2021), p. 70 – https://www.sfpuc.gov/sites/default/files/about-us/policies-reports/LTVA_AdaptationPlanSFPUC_Phase1.pdf

Table 3-9. Extracted Drought Events from Historical Tuolumne Flow at La Grange for Two Different Thresholds.
For each threshold, the drought events are sorted by decreasing severity.

Threshold: 269 TAF			Threshold: 365 TAF		
Year Drought ends	Severity [TAF]	Duration of Deficit [Years]	Year Drought Ends	Severity [TAF]	Duration of Deficit [Years]
1992	707.39	6	1992	1283.39	6
2015	594.35	4	2015	978.35	4
1977	510.18	2	1977	702.18	2
1961	389.44	3	1961	677.44	3
1931	312.14	3	1931	600.14	3
1924	233.66	1	2008	418.98	2
2008	226.98	2	1934	357.10	2
1934	218.34	1	1924	329.66	1
1994	204.77	1	1968	229.06	1
1968	133.06	1	1939	223.20	1
1939	127.20	1	1947	190.42	1
1947	94.42	1	1964	189.19	1
1964	93.19	1	1981	165.90	1
1981	69.90	1	1972	154.99	1
1972	58.99	1	1985	118.42	1
1985	22.42	1	1955	104.96	1
1955	8.96	1	2001	75.15	1
			1926	72.70	1
			1966	45.69	1
			1944	37.45	1
			2004	37.09	1

TRT's assessment is that Valley Water is much closer to the mark on drought planning. According to the LTVA, the return period (likelihood of occurrence) for the 1987-92 drought is projected to be once in 420 years (see Table 5-1). While the LTVA did not include a return period for the Design Drought, based on a draft document that did include a projection, and then adjusting that figure proportionally to changes made to the known droughts, the Design Drought might be expected once in 8,000 years (details available upon request).

Table 5-1. Effect of Precipitation and Temperature Change on the Return Periods Associated with the Severity of the Historic Droughts.

Return periods are round off to the nearest 5 years.

Threshold [TAF]	Drought Event	Changes in Precipitation			Changes in Temperature [°C]		
		0%	-10%	-20%	0	+2	+4
	1976-1977	100	45	25	100	105	130
269	1987-1992	420	120	45	420	495	675
	2012-2015	180	70	35	180	200	260

The SFPUC's Alternative Water Supply (AWS) Plan² projects the SFPUC might need to develop between 92 and 122 mgd of alternative water supplies by 2045. The cost would be between \$17 billion and \$25

² SFPUC Alternative Water Supply Plan, February 2024 – https://www.sfpuc.gov/sites/default/files/about-us/policies-reports/AWS%20Report%20Feb2024_web.pdf

billion. Removing one year from the Design Drought would reduce the perceived need for AWS by 25 mgd, saving \$4.6 billion. If the SFPUC were to plan for the same drought as Valley Water, this would reduce the perceived need for AWS by 50 mgd, saving \$9.2 billion.

Please schedule a study session to explore the question: Is the SFPUC's Design Drought too conservative, or is Valley Water's drought plan not conservative enough?

Thank you for your consideration.

Sincerely,



Peter Drekmeier
Policy Director
peter@tuolumne.org

Cc: Mountain View City Council
Santa Clara City Council
Sunnyvale City Council
Milpitas City Council

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RESTORE HETCH HETCHY

Yosemite National Park

August 9, 2025

Thomas Smegal, CEO/General Manager
Thomas Chambers, Chair
Bay Area Water Supply and Conservation Agency

Re: Bay Area Water Taste Test

Dear CEO/General Manager Smegal and Chair Chambers:

Restore Hetch Hetchy commends BAWSCA for working closely with the San Francisco Public Utilities Commission to provide a high quality and reliable water supply to Bay Area communities.

Restore Hetch Hetchy has long contended, however, that the quality of SFPUC water is not always superior to that of other local agencies and that water quality does not provide a compelling rationale for retaining Hetch Hetchy Reservoir and opposing the restoration of Hetch Hetchy Valley in Yosemite National Park.

To test this premise, Restore Hetch Hetchy retained a University of Colorado “Capstone Team” to design an experiment, in which participants would be asked to compare SFPUC water to supplies delivered by the East Bay Municipal Utilities District and the Marin Municipal Water District.

In a series of double-blind trials, 75% of respondents ranked either the taste of EBMUD or MMWD water as preferable to SFPUC water.

The summary report is attached and its appendices are available online. Restore Hetch Hetchy is prepared to work cooperatively with the SFPUC or BAWSCA on any further such testing if desired.

Sincerely,



Spreck Rosekrans
Executive Director

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STAFF

Spreck Rosekrans
Executive Director
Julene Freitas
Office Manager

3286 Adeline St. Suite 8
Berkeley, California 94703
510.893.3400

Tax ID # 77-0551533

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Bay Area Water Taste Test Restore Hetch Hetchy July 2025

Overview

Restore Hetch Hetchy is committed to restoring the Hetch Hetchy Valley in Yosemite National Park while ensuring continued water and power reliability for all communities that rely on the Tuolumne River.

Some opponents and skeptics of restoration have asserted that the quality of San Francisco's water is exceptional, and that the City's residents and customers will be forced to drink inferior water when Hetch Hetchy Reservoir is relocated and Tuolumne River supplies are diverted from other locations.

Restore Hetch Hetchy agrees that San Francisco's water is high quality, and we maintain it will still be good when Hetch Hetchy Valley is restored. We believe residents will experience no noticeable difference in water quality.

To test this assumption, we conducted taste comparisons between San Francisco's water and other high-quality local supplies from the East Bay and Marin County. The results confirmed our expectations.

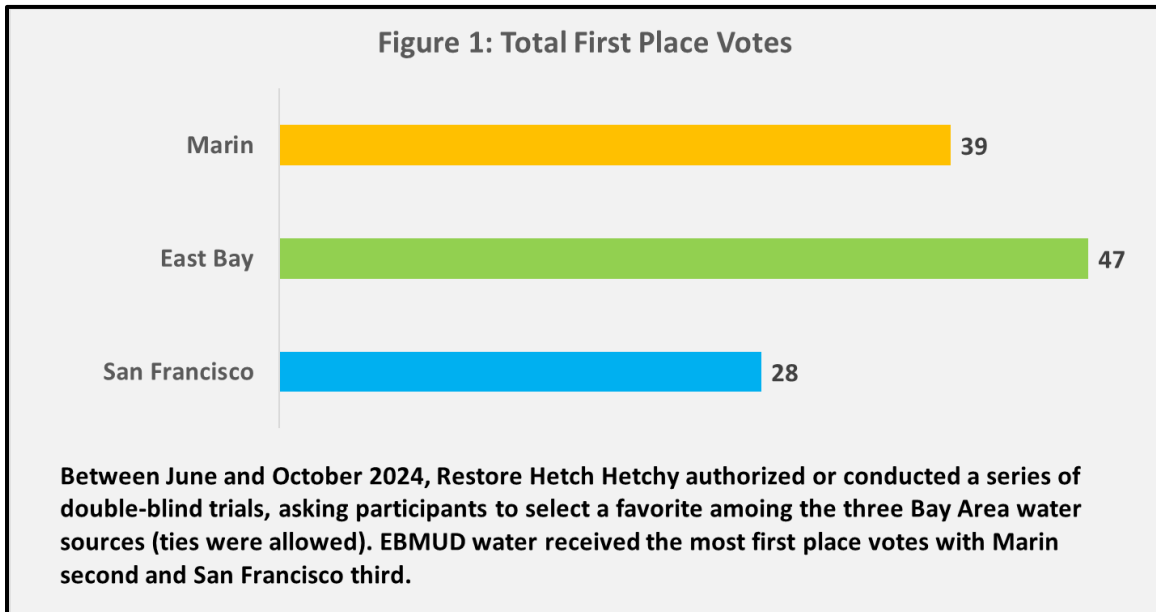
In a series of double blind taste tests, most respondents actually preferred East Bay and Marin water to San Francisco water. These findings indicate that water quality should not be a primary concern in debates over restoring the Hetch Hetchy Valley in Yosemite National Park.

Summary

In 2024, Restore Hetch Hetchy retained graduate students from the University of Colorado through its Capstone Program to design and initiate a double-blind water taste test to evaluate preferences of Bay Area residents.

In a series of trials conducted between June and October, the Capstone Team and Restore Hetch Hetchy asked participants to compare water supplies delivered by the San Francisco Public Utilities Commission (SFPUC, often colloquially called "Hetch Hetchy" water) with supplies delivered by the East Bay Municipal Utilities District (EBMUD) and the Marin Municipal Water District (MMWD). Participants ranked the taste of the three sources based on personal preference, with ties permitted.

A majority of participants preferred the taste of East Bay or Marin water to that of San Francisco. Out of 114 first place votes, 47 people (41%) selected East Bay water as best, 39 people (34%) selected Marin water as best, and 28 people (25%) selected San Francisco water as best. The results challenge the perception that ‘Hetch Hetchy’ water is superior. See Figure 1.



Methodology

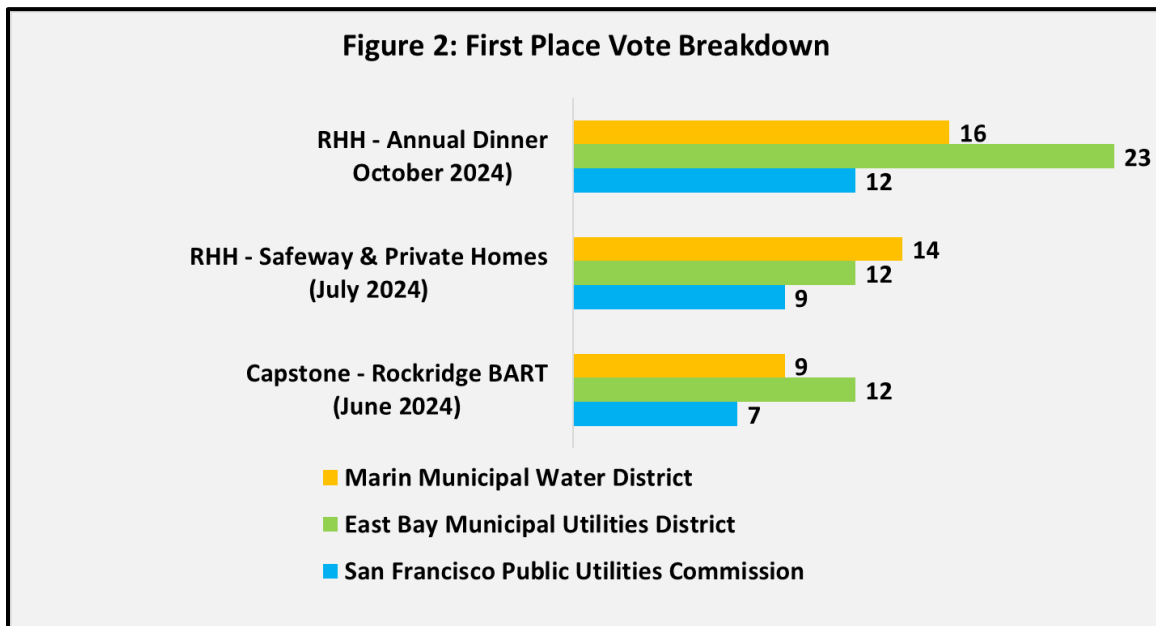
The taste test took place in 3 phases:

1. In June, samples were collected at the SFPUC and EBMUD headquarters and from a Mexican restaurant in Larkspur (staff at the MMWD declined to provide samples for the test.). The University of Colorado Capstone Team, who designed the test, collected the opinions of passersby at the Rockridge BART station in Oakland. The Capstone Team's Findings and their Methodology and Recommendations are included as Appendices A and B.
2. In July, samples were collected from private homes in San Mateo County (90% SFPUC water), Oakland (EBMUD) and Fairfax (Marin). The samples were offered to passersby at Safeway in Oakland and in private homes. These samples were also sent to Tap Score, an independent lab, for detailed analysis (see Appendices C (SFPUC), D (EBMUD) & E (MMWD)).
3. In October, samples were collected from the same private homes in San Mateo County, Oakland and Fairfax. The water was offered to people attending Restore Hetch Hetchy's Annual dinner on October 26 – as soon as they arrived and before they consumed any other food or beverage.

All testing followed a double-blind protocol: neither tasters nor test administrators knew which sample came from which source. Further, all taps were flushed before filling glass bottles, and all samples were kept at room temperature.

Testing and Results

A breakdown of the results from the separate trials reflecting the variability of responses is provided in Figure 2. Note that the exact mix of sources in any utility's supply varies over time and location.¹



Discussion

There are two fundamentally important aspects of water quality – health and taste. California's large cities are fortunate that professional water agency staff regularly test and treat supplies, ensuring that their water is safe to drink.²

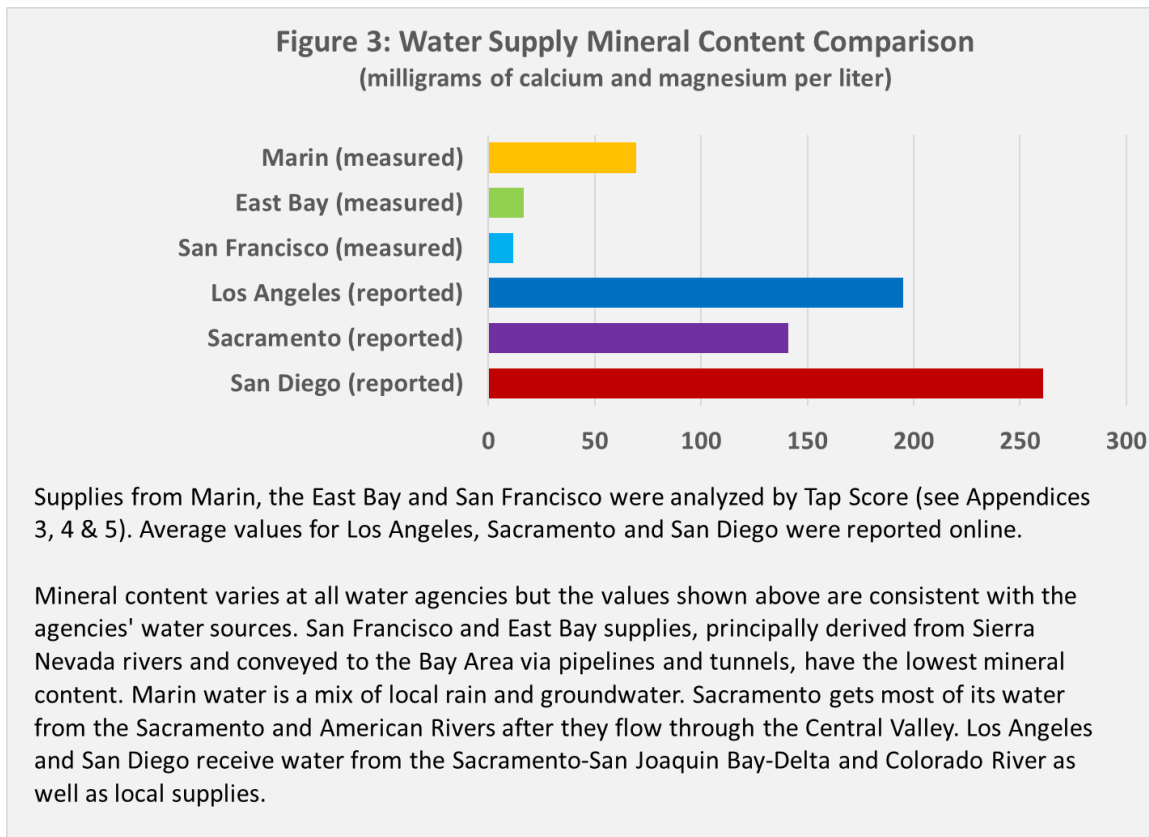
Water delivered in Marin, the East Bay and San Francisco is not only safe, but tastes good due to its modest mineral content. Water supplies in the East Bay and San Francisco primarily originate in the Sierra Nevada and are augmented by local rainfall and small amounts of groundwater.

¹ On average, San Francisco derives 85% of its supply from the Tuolumne River. In recent years, however, the City has relied on local supplies and reservoirs in winter months so staff can do maintenance on the Mountain Tunnel – something customers rarely notice.

² Water in many small communities in California is not in fact safe to drink. See the [Community Water Center](#) for more information.

Water supplies in Marin come from local rainfall and groundwater, some of which is imported from Sonoma County.

Some water experts have indicated they prefer San Francisco's water for its "pure" taste. Others prefer water with a slight mineral taste (mostly calcium and magnesium), suggesting that San Francisco's water may be too neutral for their palate. Too much mineral content, as is the case with much of southern California's water, is generally disfavored. Figure 3, below, compares the mineral content of the samples used in the taste tests with values reported in water supplies for San Diego, Los Angeles and Sacramento.



Conclusion

When Hetch Hetchy Valley is restored, San Francisco will still rely principally on the Tuolumne River for the majority of its supply. Water will be stored in and diverted from Cherry, Eleanor and/or Don Pedro Reservoirs – with mineral content perhaps similar to EBMUD's Pardee Reservoir. Customers may like their water even better!

Restore Hetch Hetchy believes the reputation of 'Hetch Hetchy' water is overstated. We welcome opportunities to collaborate with the San Francisco Public Utilities Commission or other interested parties on future independent testing.



Media Release

Year in Review:

State Water Board provides \$2 billion to advance California's water infrastructure

Projects awarded funding this past fiscal year will benefit nearly half the state's population when complete

September 15, 2025

Contact: [Dimitri Stanich](#), Information Officer

SACRAMENTO – Strengthening California's infrastructure to increase water supplies, protect the environment and preserve economic progress, the State Water Resources Control Board provided \$2 billion during the past fiscal year (July 1, 2024 to June 30, 2025) to water systems in about 390 communities for projects that capture and recycle more water, clean up and recharge groundwater, expand access to safe drinking water and sanitation and improve stormwater management.

When complete, these projects will benefit over 18 million Californians, or 46% of the state's population. They also will add 5,000 acre-feet to the state's water supplies and substantially advance Gov. Gavin Newsom's [Water Supply Strategy](#) and [build more, faster agenda](#) to deliver infrastructure upgrades across the state.

The State Water Board relies on a variety of state and federal sources to fund its financial assistance programs. General Fund appropriations, proposition bonds, the [Safe and Affordable Drinking Water Fund](#) and other state sources made up about 30% of the funding the board distributed last year. Of these, the Drinking Water Fund, which is financed through [Cap-and-Invest](#) dollars, is the board's most flexible source and helps facilitate drinking water projects in small, rural and disadvantaged communities. About 355,000 people in 216 communities benefited directly from assistance through the fund this past fiscal year.

Federal funding support for water infrastructure in California generally takes the form of low interest loans and grants from the Drinking Water and Clean Water State Revolving Funds, major financing instruments that combine state and federal dollars for water infrastructure investments nationwide. This past fiscal year, the Revolving Funds and other federal funding programs provided \$1.4 billion, or 70%, of the financial assistance the board distributed. Annual appropriations from the 2021 Infrastructure Investment and Jobs Act (IIJA) contributed over half this amount, or about \$730 million. Per legislation, states are to receive the fifth and final instalment of IIJA funding next year.

Altogether, the state revolving funds account for approximately 60% of all financial assistance – totaling over \$11 billion – the board has provided since 2019.

“Thanks to strong commitment and partnership at the state and federal levels in recent years, we have been able to distribute an extraordinary amount of financial assistance that is now delivering results,” said E. Joaquin Esquivel, chair of the board. “Every other week, a new treatment plant opens or new pipeline connects a community to safe drinking water, and we strengthen our water resilience and reinforce the state’s progress on multiple fronts. Continuing to support this work so that critical water infrastructure projects remain affordable for communities and we build on the gains we have made is essential.”

This last year, nearly half of the board’s total financial assistance, or about \$960 million, was provided as grants and loan forgiveness that don’t need to be repaid. The remaining amount, over \$1 billion, was provided as loans from the state revolving funds at an interest rate less than half of California’s general obligation bond rate, saving communities immense amounts in interest on large infrastructure loans over time.

Expanding access to safe drinking water

Now in its sixth year, the board’s [Safe and Affordable Funding for Equity and Resilience \(SAFER\) drinking water program](#) continues to expand access to safe drinking water for the two percent of Californians who don’t have it. Since the SAFER program’s inception, the board has distributed over \$1.6 billion in grants for projects in disadvantaged communities, and 320 water systems serving over 3.3 million people have returned to compliance with drinking water standards.

This past fiscal year the board provided \$837 million in financial assistance to secure safe drinking water through upgrades to aging infrastructure, consolidations of failing water systems with larger, more functional ones, and deliveries of emergency hauled and bottled water and technical assistance. About 75% of this assistance was awarded from federally funded programs, including the Drinking Water State Revolving Fund.

The city of Wasco, a small, rural community in Kern County of about 27,000 people with household incomes less than 60% of the state median, relies entirely on groundwater for its drinking water needs and has been struggling since 2019 with wells contaminated by 1,2,3-trichloropropane (1,2,3-TCP). The city received \$38 million in federal grants through the SAFER program this past year – \$37 million from the federal Emerging Contaminants (EC) in Small or Disadvantaged Communities Grant (SDC) program and \$800,000 from the Drinking Water State Revolving Fund – to replace five contaminated wells and install a treatment system. The city anticipates that the new system will begin delivering safe drinking water to residents' homes by 2027.

“In small, rural communities like ours, projects of this scale are cost prohibitive for ratepayers and therefore impossible without the state and federal funding the State Water Board provides,” said Scott Hurlbert, Wasco City Manager. “We’re thankful that the board didn’t just identify our drinking water problems but helped us to overcome them, enabling us to bring our failing system into compliance and ensuring water supply reliability for our community into the future.”

To date, the 2021 Infrastructure Investment and Jobs Act (IIJA) has provided over \$700 million to California to address emerging contaminants.

Nearly one-quarter of the board’s total assistance through the SAFER program last year was drawn from the Safe and Affordable Drinking Water Fund, established by Gov. Newsom and the Legislature in 2019 to improve access to safe drinking water in small, rural and disadvantaged communities. The fund primarily supports planning, construction, technical assistance and emergency drinking water assistance, complementing other state and federal drinking water sources that are generally limited to capital infrastructure projects. About \$21.1 million of the \$35 million the board provided to deliver hauled and bottled water to 19,000 people over the last year, mostly through its regional programs, came from the fund.

Despite significant investment in drinking water infrastructure, financial need far outstrips the assistance available. The 2024 Drinking Water Needs Assessment projected an estimated five-year drinking water grant funding gap of \$5.5 billion for communities with failing or at-risk infrastructure.

Increasing supplies and upgrading wastewater infrastructure

The board prioritizes projects for funding that build the state’s water resilience by diversifying, expanding and protecting its water supplies. This past fiscal year, it provided a total of \$1.2 billion for projects that will recycle, capture and store more water, and protect groundwater and surface waters through upgraded wastewater infrastructure.

Of this amount, over \$800 million, or about 57%, was provided as low-interest loans or principal forgiveness from the Clean Water State Revolving Fund.

The San Francisco Public Utilities Commission (SFPUC) and city and county of San Francisco received a \$100 million loan from the state revolving fund and \$15 million in state loans and grants this past fiscal year to construct a new wastewater treatment facility on Treasure Island in San Francisco Bay. The facility will replace aging infrastructure and produce 1,100-acre feet of recycled water for irrigation and toilet flushing when it comes online by 2026. The new plant is foundational to major redevelopment plans that include 8,000 new homes, public spaces and businesses; by 2036, the populations of Treasure and Yerba Buena islands are expected to grow by 20,000.

“Advances in wastewater treatment and water recycling now make it possible to create a new source of supply when upgrading infrastructure, as with the new Treasure Island facility,” said SFPUC General Manager Dennis Herrera. “However, financing is key to making these projects affordable for cities and ratepayers. Without the low interest loans and grants we are receiving from the State Water Board, the Treasure Island project would have cost more. These financing options allow us to pass savings on to our customers and support our commitment to ratepayer affordability.”



Left: Current construction at the Treasure Island site. Right: A rendering of the final plant.

In small, rural and low-income communities, upgrading wastewater infrastructure often takes the form of septic-to-sewer projects that expand access to reliable sanitation and protect groundwater from leaking septic tanks. This past year, the board provided over \$344 million in state grants for 20 septic-to-sewer projects that will benefit over 27,000 people.

The Elsinore Valley Municipal District received \$103 million in grants from the board for septic-to-sewer conversion projects that will connect over 3,500 residences in two small, severely disadvantaged communities to sewer services by 2028. The funding fully covers installation costs, connection fees, septic decommissioning and critical improvements that include new pipelines, manholes and lateral connections. The district expects that state grants will save each property owner as much as \$60,000 in costs and septic system repairs.

More information about the Division of Financial Assistance is available on the board's website.

The State Water Board's mission is to preserve, enhance and restore the quality of California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper resource allocation and efficient use for the benefit of present and future generations.



The SAFER Program includes projects funded by the Safe and Affordable Drinking Water Fund, which is part of California Climate Investments, a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment - particularly in disadvantaged communities.